

"(I) which is not a high deductible health plan,
and
"(II) which provides coverage for any benefit
which is covered under the high deductible health
plan, and
"(iii)(I) the high deductible health plan
covering
such individual is established and
maintained by
the employer of such individual or of the
spouse of
such individual and such employer is a small
employer,
or
"(II) such individual is an employee (within
the
meaning of section 401(c)(1)) or the spouse
of such
an employee and the high deductible health
plan cover-
ing such individual is not established or
maintained
by any employer of such individual or spouse.
"(B) CERTAIN COVERAGE DISREGARDED.—
Subparagraph
(A)(ii) shall be applied without regard to—
"(i) coverage for any benefit provided by
permitted
insurance, and
"(ii) coverage (whether through insurance or other-
wise) for accidents, disability, dental care, vision care,
or long-term care.
"(C) CONTINUED ELIGIBILITY OF EMPLOYEE AND SPOUSE
ESTABLISHING MEDICAL SAVINGS ACCOUNTS.—If, while an
employer is a small employer—
"(i) any amount is contributed to a medical savings
account of an individual who is an employee of such
employer or the spouse of such an employee, and
"(ii) such amount is excludable from gross income
under section 106(b) or allowable as a deduction under
this section,
such individual shall not cease to meet the
requirement
of subparagraph (A)(iii)(I) by reason of such
employer ceas-
ing to be a small employer so long as such
employee contin-
ues to be an employee of such employer.
"(D) LIMITATIONS ON ELIGIBILITY.—
"For limitations on number of taxpayers who are eligible to
have
medical savings accounts, see subsection (i).

"(2) HIGH DEDUCTIBLE HEALTH PLAN.—
"(A) IN GENERAL.—The term "high deductible health
plan" means a health plan—
"(i) in the case of self-only coverage,
which has
an annual deductible which is not less
than \$1,500
and not more than \$2,250.
"(ii) in the case of family coverage,
which has
an annual deductible which is not less
than \$3,000
and not more than \$4,500, and
"(iii) the annual out-of-pocket expenses
required

to be paid under the plan (other than for premiums)

for covered benefits does not exceed—

"(I) \$3.000 for self-only coverage, and

"(II) \$5.500 for family coverage.

"(B) SPECIAL RULES.—

"(i) EXCLUSION OF CERTAIN PLANS.—Such term

does not include a health plan if substantially all of its coverage is coverage described in paragraph (1)(B).